

ORGANIZING FOR INDUSTRIAL DEVELOPMENT

#79

A Handbook of Procedures

MARYLAND STATE PLANNING COMMISSION

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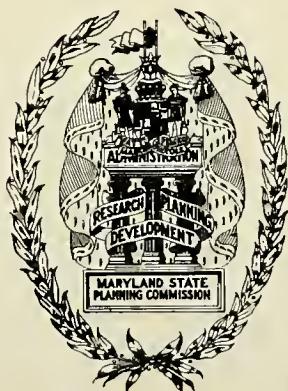
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Handbook of Procedures

on

**ORGANIZING FOR
INDUSTRIAL DEVELOPMENT**



 MARYLAND STATE PLANNING COMMISSION

JUNE 1952



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Baltimore 2, Maryland

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Chairman
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Director

MR. JAMES C. ALBAN, *Chairman*
Maryland State Planning Commission
Baltimore 2, Maryland

June 15, 1952

Dear Mr. Alban:

I am pleased to transmit herewith "A Handbook of Procedures on Organizing for Industrial Development."

This is the first in a series of three handbooks prepared by the staff of the Commission. Stimulation and guidance to community leaders in investigating possibilities of industrial development and in organizing for community planning and industrial promotion are their aim separately and in combination.

The tradition of our State is to encourage local leaders to work diligently for their communities and for themselves in enlightened self-interest. Our General Assembly does not make State agencies responsible for typically local functions, and the powers of the local government units are limited to leave a wide field of opportunity for private enterprise. Promoting industrial development is left to private enterprise in Maryland.

The leaders in some areas of our State show interest now in local industrial potentialities and have organized to promote industrial growth. We urge leaders in other communities through these handbooks to take similar action at this time.

The Commission's continuing series of studies surveying the economic developments affecting our State indicate the years immediately ahead are ones in which great expansion of industrial capacity in our nation will occur. Old plants are to be expanded and new ones built in new locations. It is timely for local leaders in Maryland to direct their attention to the industrial potentials of their areas and to take action immediately to develop them. Maryland's manufacturing position is assured only by wisely timed and focused action of our local leaders to develop further the industrial potential of our State.

Sincerely yours,

Director

MARYLAND STATE PLANNING COMMISSION

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Member from Central Maryland

GEORGE M. ANDERSON

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FOREWORD

An increasing number of Maryland communities undertook organized efforts during the past few years to promote their industrial development. This occurred on a county-wide basis as well as in cities and towns. Recent examples are found in Cambridge, Dorchester County; Cumberland, Allegany County; Baltimore County, and Anne Arundel County.

Local economic growth can be planned and promoted by the organized efforts of the citizens themselves. The developments in Maryland verify this conclusion. Diversified resources in strategic locations and stable labor forces afford Maryland communities good prospects of expanding their industrial enterprises and increasing their prosperity.

This handbook was prepared to stimulate community leaders, who think about industrial development, to organize for its promotion. For leaders in communities where such organizations exist now, it may serve as a source of standards to appraise what they have done already.

The Maryland State Planning Commission is preparing two companion handbooks to accompany this one on procedures in organizing for local industrial promotion. The first one deals with making economic surveys of natural and human resources in local areas. Such surveys are the basis for selecting industries to attract to the area. These are the operational problems of the organization for industrial promotion. Another handbook outlines the problems of organizing to plan local public works and services and appropriate uses of land to meet the needs of industry and the consequent changes in population. The Maryland State Planning Commission is ready to help community leaders in every way it can in planning for a sound local economy.

EVERYONE IS INTERESTED IN COMMUNITY INDUSTRIAL DEVELOPMENT

People in every town talk a great deal about the need for community growth and improvement. Everyone wants a high level of economic opportunities and public services to make their locality a comfortable and attractive place in which to live and work. They desire to provide more employment opportunities for young people to keep them in the area, to work, live and play.

Business men in particular realize that such a healthy and progressive community rests upon industrial expansion and development. They understand that a sound national economy does not insure prosperity at the local level. A local economy, which minimizes even if it cannot withstand completely, harmful effects of business fluctuations, is desirable.

Business men know the population is growing. They know intelligent uses of natural and human resources in a diversified and expanding economy is required to support a dynamically stable and progressively prosperous life for more people.

NEED FOR ORGANIZING INTEREST

Business men discuss industrial development frequently in their contacts with each other. They talk to each other about the new plant put up in this town or that town nearby. They ponder over what attracted the plant, and how they could get one or several for their town. They know their town needs to grow industrially. Interest and talk require organization for wisely focused action to supply constructively this need for economic growth. The first step is to establish an organization to promote a better local economy.

THE TIDE IS RISING

The tide of industrial expansion is rising now.

“There is a tide in the affairs of men,
Which, taken at the flood, leads on to fortune.
Omitted, all the voyage of their life
Is bound in shallows and in miseries.
On such a full sea are we now afloat.
And we must take the current where it serves,
Or lose our ventures.”—Shakespeare

THE TREND AND RECENT DEVELOPMENTS

The tendency is growing for industries to move away from highly concentrated centers to smaller communities. Industries find here the advantage of untapped resources in the form of plenty of space, plant sites, proximity to raw materials and an adequate and stable labor supply. Great strides in transportation and communication and the development of utilities in the smallest local jurisdictions permit industries to decentralize their operations and to maintain a number of widely dispersed production units.

The spreading metropolitan areas came as a consequence of this tendency. Further, many industrialists found it to advantage to move old plants and

to erect new ones in small towns far away from the metropolitan districts but close to such markets by means of good transportation facilities.

Alert leaders in many small communities are aware of the decentralization movement. The growing volume of competitive advertising to sell particular advantages of communities to industrialists planning plant relocations and new plant facilities witnesses this interest. The economic base of many small towns is being strengthened by the additions of new plants in their environs, while the base in other towns is being weakened by plant removals.

A Texas business leader called this movement—"The New War Between the States." It occurs because manufacturers plan new plants as they know their handicap in competition for business from insufficient or obsolete buildings. The prosperity of many communities is impaired by the lack of new and modern factory building space.

The General Assemblies in some states such as Mississippi and Tennessee granted municipalities the authority to construct and to equip complete factories for lease or sale to industrialists. The rentals when leased service the debt in the form of revenue bonds. Maryland counties and cities are not authorized to engage in such functions.

Industrial development is promoted in some areas by private enterprises in the form of industrial foundations.

The industrial foundations have proven themselves successful instrumentalities. Of the foundations less than five years old, 84 per cent located one or more plants in their communities. These 42 foundations brought in a total of 148 new firms. Twelve foundations over 5 years old have brought in a total of 67 new plants. In addition, industrial foundations less than five years old have extended assistance to 60 existing firms, while foundations over five years old have aided 90 established firms. Assistance to local industry has enabled a large number of firms to expand and contributed consequently to increased payrolls for the community.

Studies show an increase of 10 jobs in a basic economic activity cause automatically an increase of 8 jobs in service lines in the typical industrial city. These workers spend a large part of their income in the community. According to some estimates before a manufacturing payroll leaves the community it creates a local business volume $2\frac{1}{2}$ to $3\frac{1}{4}$ times the payroll itself.

According to a study of the Tulsa Chamber of Commerce, there were 72 industrial foundations operating in the United States. Further, another 32 cities had similar but less formal organizations. These 104 industrial foundations do not include all the community industrial financing plans in operation in our country.

The industrial foundations and other community industrial financing organizations perform the following functions in combinations of varying importance:

- (1) Buying, developing, and selling industrial sites.
- (2) Buying and building plants for lease or sale.
- (3) Providing funds for loan to or investment in industries.
- (4) Giving engineering, managerial, and other counseling services to small business.

Surveys of the National Security Resources Board indicate that more and more plants are being located in smaller communities. Only one-third of the plants built since 1940 were located in cities over 100,000 population. On the other hand, about 30% of all plants established are in towns of 10,000 or less. This compares with only 20% of the plants built before 1940.

Industrial decentralization is speeding up from many indications. The prospect is for an increase in the number of plant expansions and new plants built and a more widespread scattering of these productive facilities in the next few years. The forces, which produce this speed-up in decentralization, grow out of the national defense program and signs of change in managerial organization of big corporations.

The national defense program has been designed to increase substantially the country's capacity to produce basic raw materials which go into both civilian goods and arms. Industrialists are authorized to accelerate depreciation deductions for corporate income tax purposes on the new plant and equipment deemed necessary to produce the military equipment and supplies. Billions of dollars are appropriated by the Congress for arms. Further, large appropriations for a great many years to come can be looked for confidently.

The need for haste in getting the defense program underway caused most of the plant expansions under this arrangement to date to be located in the presently congested metropolitan areas where these basic industries are located already. Up through 1952 the preparation for national defense is expected to take the form of expanded productive capacity in the basic industries as at present located.

After this expansion takes place and the new capacity is put into operation, the largest supply of basic materials ever available in America will be present for manufacture of civilian goods and arms. Our basic industries are likely to operate, if war is averted, at a level under capacity. An excess or unused capacity to produce is an important part of the defense potential of our country in the event of war.

The profit motive of industrialists in the basic industries causes them, on the other hand, to keep unused capacity and its overhead cost at a minimum. Basic industrial raw materials for further fabrication in greater supply will result from the profit motive. This situation can be expected to bring expansions of old plants and construction of new ones in the raw material using industries.

The National Security Resources Board conducts now a campaign of publicity for the dispersal of industrial plants. The best known defense against atomic blast is space. Plant dispersal is expected more and more for atomic bomb defense as the relocation process goes on. This is a decentralization factor.

Prosperity in periods when capacity to produce is partly unused depends upon investment to sustain consumer income and expenditure. This is the present consensus about business cycle theory. The preliminary plans of industrialists indicate a large volume of investment in plant expansions and new plants and equipment in the next few years. These investments are trusted to be sufficient relative to expected excess capacity to produce, to give a high level of employment at high real pay.

Business Week in its report to executives made the following summary of the prospects of industry's expansion on February 2, 1952:

KEY INDUSTRIES	IN MILLIONS OF DOLLARS				
	Actual 1951	Planned 1952	1953	Preliminary 1954	Plans 1955
Steel	1,310	1,638	1,048	934	901
Machinery	638	636	443	424	414
Electrical Machinery	355	809	712	372	299
Antos (including defense)	797	781	406	297	289
Transport Equipment	227	404	145	40	40
Food	930	769	710	816	754
Petroleum and Coal Products	2,040	2,815	2,477	2,111	2,055
Chemicals	1,266	1,464	1,323	1,191	1,179
Textiles	676	396	396	383	394
Other Mannfacturing	2,902	3,209	2,368	1,957	1,869
ALL MANUFACTURING	11,141	12,921	10,028	8,525	8,194
Mining	806	943	415	321	358
Railroads	1,564	1,642	1,248	1,117	1,002
Electric & Gas Utilities	3,676	3,948	3,360	3,204	2,748
Other Transport, Communications	1,592	1,721	1,671	1,943	1,839
ALL INDUSTRY	18,779	21,175	16,722	15,110	14,141

The amounts spent only by manufacturers for new plant and equipment according to Survey of Current Business, December 1951 were:

(IN MILLIONS OF DOLLARS)

1939	\$ 1,943
1945	3,983
1946	6,790
1947	8,703
1948	9,134
1949	7,149
1950	7,491
1951	11,141

The amounts of investment in manufacturing for the years immediately ahead compare favorably with prosperous years of 1947 and 1948. The planned expansion in the public utilities industries indicates preparation for a larger demand for services to both the basic material producing and using industries.

Another factor operates now and gives promise of operating more strongly in the future to speed the decentralization of production in our country. This factor is managerial decentralization.

The top flight executives of large companies, which produce a wide variety of products for a widely diversified group of markets, are concerned about the skills and understanding of management in the future. This interest is manifested in the establishment recently of a new business management graduate school at the Massachusetts Institute of Technology. Mr. Alfred P. Sloan, General Motors Corporation Chairman, gave over \$6,000,000 to endow this school. This school will seek to train men in the broad field of managing people.

Top-flight executives, and those at the middle level also, learned all they know about running a business after they left school. College courses in management education are cropping up in educational institutions all over the country. The Massachusetts Institute of Technology will differ from others, in that it will specialize in management of manufacturing industries and will draw its matriculants from those with a background of engineering training.

Corporations in America have become larger and larger and have produced and marketed a larger and larger number of integrated but varied products. A greater concentration of authority and responsibility on top management came with this. This burden of this authority and responsibility leaves no time and energy for the top echelon to think out the present situation and to plan intelligently for the future operations of the whole company. A larger degree of sound managerial decentralization is the only direction change can take, short of rearing a race of supermen.

Some relief for top executives was obtained by the organization of management committees to make decisions for big concerns. This spread authority and responsibility over too many people. No single individual was responsible for results. Management of large corporations differed sharply in this respect from the management of small business enterprises.

Mr. Ralph J. Cordiner, President of the General Electric Company, announced early in 1952 a reshaping of his company's organization to give it the small business touch. Each department of the company will operate like a small concern under the responsibility and authority of a department head. The department head will conform to general policies outlined by the top management. The decisions on development, manufacturing, and marketing of products produced or services performed will be up to the department head. The test will be profit on the investment. Decisions to relocate plants are problems primarily of the department heads.

The movement of scattering plants through our country will be accelerated rather than impeded if the trend toward decentralization in management continues. Building plants close together to facilitate direct supervision by top management will no longer be imperative. This factor will impede no longer the relocation of plants indicated by need for more efficient layouts with improved machinery and processes developed by engineering research or when new markets discovered by market research indicate relocation of plants.

Departmental heads, judged by their ability to make profit on investment and in fuller authority and responsibility, will be more ready to change location of productive operations. They can be expected to feel personal factors in the present location less than small local business men who have become wealthy as their plant grew, but remained unaffiliated with a larger concern.

The forces influencing plant locations and relocations confront communities with both advantages and disadvantages. New plants can come in, but the danger of old plants going away may be increasing. Factors which hold a plant in a given spot may be weaker in the future. Under these conditions, each community needs as never before an industrial promotion program to appraise what plants and enterprises they have now, what it will take to

hold and to expand those they have, and the possibilities of what new plants they may bring in.

The Industrial Tide Summarized

The total situation expected for the years immediately ahead points to a continuing high level of production and prosperity in the nation. Much of the planned investment in new productive capacity will be put into new plants. A good part of the total will be in the basic materials using industries. The industrial tide of the times makes it likely that alert and intelligent effort to promote industrial development in the fringes of metropolitan areas and small towns will produce successful results. Where possible, old plants will need to be held and expanded and new plants obtained. Now is the time for communities to prepare for the future trend of their industrial development. The tide of opportunity for industrial development is high. Industrial development requires an organized program.

ORGANIZING FOR INDUSTRIAL DEVELOPMENT

The activation of an organized program for community industrial promotion and development requires an initiating group of individuals. Certain responsibilities rest on the initiating group. If well-shouldered, a strong foundation is laid for the organization. It can function effectively in its work from its foundation.

DRAFTING A PROGRAM AND PLANNING ORGANIZATION

The function of an initiating group is to draft a program and to plan an organization to execute it. This group defines the objectives clearly and outlines modes of cooperative action of the citizens specifically. The program will not become a "going-concern" actuality but will remain a notion without action by a wise initiating group. Assumption of such responsibility for such action is a part of the processes of representative democracy.

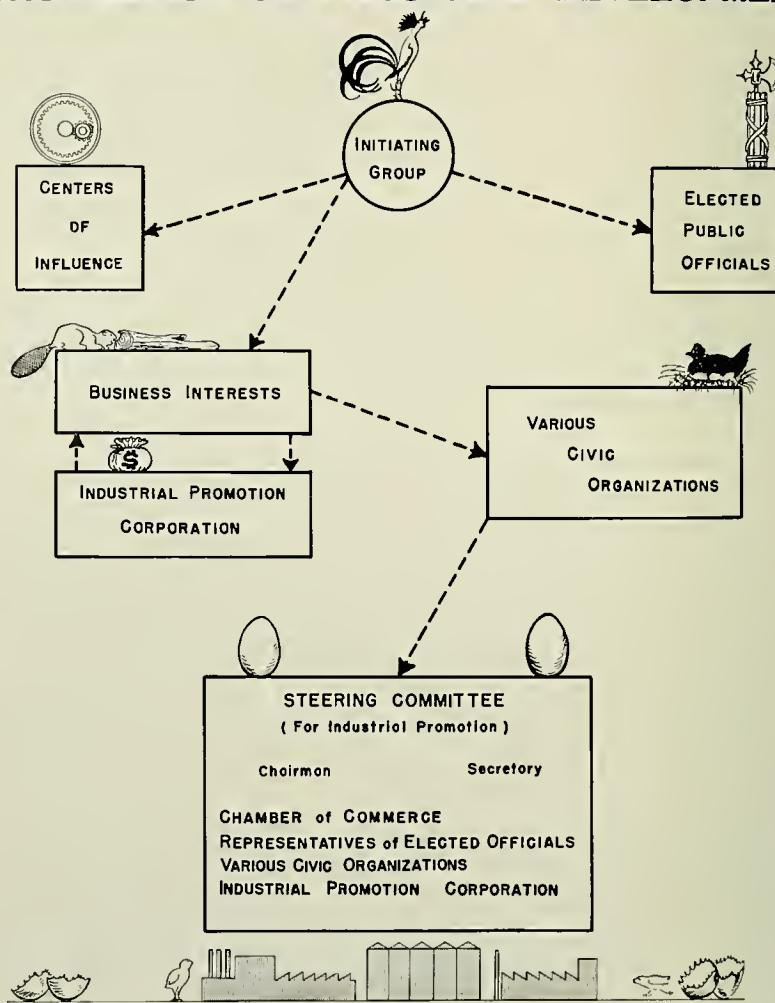
History teaches lessons about democracy in action. Citizens meeting in masses do not formulate programs of action to reach intelligently objectives desired by all. This is a lesson of experience. Programs of this sort do not crystallize in large public gatherings.

Sustained citizen support is essential to the success of a democratic program. It is obtained by the draft of a publicly acceptable program by the initiating group. Formulation is followed by presentation to the people for approval. This tactic is the essence of representative democracy.

Deep insights cleared of prejudice are needed to draft a program which will be publicly acceptable and enthusiastically supported. Knowledge of the common and conflicting interests and opinions of the varied groups is required to unify these groups for cooperative action.

The approval of the centers or "big wheels" of influence and power is particularly important. The term "big wheel" is realism and not disparagement. Influence and power tends to gravitate towards a few people in every

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society—large or small. Political scientists and sociologists have observed and noted this social fact again and again.

The people who exercise influence and power are found seldom among those who hold public office. They are found more frequently to be individuals whose occupations and inclinations give them a continuous contact with the activity and outlooks of the groups in the community. They have trusted personal friends sprinkled in every group. They have close contact with the outstanding business and professional men of the area. They are of this class often times. Their ears, eyes, and minds counsel those who hold public office.

These folks are truly “big wheels.” Generally and most usually, they are folks of integrity and honesty. Their interest in the community and its problems are vital and sincere. Law enforcement, prosperity, and community harmony are their objectives.

The initiating group identifies the centers of influence. The favorable support of the people, who compose them, is essential to the success of the industrial promotion and development program, although the approval may not be acclaimed publicly.

The confidence and cooperation of the business interests in the area is needed in addition to the favor of the centers of influence. Support spreads out from these two groups until all groups in the town are interested and enthusiastic. The core of interest and action remains undoubtedly in the business interests. This group in the community bears the largest part of the costs to finance the program.

The interest and contributions of many individual citizens, however, is desirable. The organization and functioning of political parties presents a similar situation. Small contributions from many contributors is more desirable than only large contributions from a few. This is a political maxim. Anyone who devotes money and time to a cause continues to take interest in its progress. Sound democratic community development calls for use of diverse skills and knowledge of many men and women and their continued confidence and interest. Widespread participation, however small in any individual case, begets sustained community interest and support.

Intelligent industrial promotion requires industrial location research. The initiating group in planning organization for promotion provides for this essential.

The industrial resources of the area require survey. The survey will aim to disclose which of these resources the area has available and what it lacks. It is important to see if any lacking factor such as a public works facility, can be supplied readily by community action. The absence of such a factor which can be supplied may not only be retarding development but may be holding back expansion of industries located there already.

The initiating group needs to recall how the representative democracy process works in actuality if an essential public works facility is lacking. No inkling of a proposal for a needed public work comes to the citizens from the initiating group or their organization. This is a matter to be cleared with the centers of influence and the elected public officials. Any proposals to the public about such matters come properly from the elected officials.

Elected public officials resent direct appeals to the electorate about such matters. They are the elected representatives of the people. They are chosen to look out for the best interests of the people. These elected representatives are the ones to go to the people about public matters.

Only political opponents of the elected representatives, who seek office and a new program, can go before the people with such proposals in respect for the representative democratic process. This is not a function of the initiating group or their organization. Rather it is their function to co-operate with the elected officials in strict conformity to the democratic processes. So many sound plans for development of an area are delayed unduly in their execution from the failure to observe and to understand this simple practice, which exemplifies the precepts of representative democracy.

The material of the survey will be analyzed relative to the known needs of specific industries. Proper analysis will indicate the economic types of industry for the community. It will point out present industries that may be expanded soundly and new industries that should be sought. Conclusions from this type of analysis accomplish two things. First, factual data for the promotion campaign is furnished. Second, they point to the industries likely to be interested in the industrial opportunities in the area and lead to the development of a list of specific prospects to be contacted.

The citizens of many communities have spent money lavishly and foolishly on brochures exemplifying the "booster" and "lure" philosophy.

The glory of the climate and the beauties of the town have been proclaimed. They plug "how wonderful to live in our town." We work to live. These brochures contained little or nothing about the availability of natural and human resources needed by industry to operate profitably. Such brochures have been mailed out generally to industrial leaders outside and inside the State. Proper selection as to industries related economically to resource pattern was slighted if not ignored. Many inventories of such brochures gather dust now in storage places.

Some brochures carried descriptions of "lures." These included exemptions from taxation, free utilities, plant sites, and new plants on a lease or sale basis.

The leaders and supporters of such programs failed to understand that executives of healthy thriving firms, who look for new plant locations, shy away from "lures" offered indiscriminately. They smack to them of the flattery of the "spider to the fly." "We ain't no fly" is the reaction of alert industrialists to such proposals. Chaucer wrote that "flatterers are the Devil's chaplains."

Such offers, however, are not to be condemned universally. A study of 130 cases of industrial subsidization in 40 Wisconsin communities during the period 1930-1946 offers no support for sweeping rejection of such aids to new industries in a community. This study reveals that most of the 130 cases surveyed justified the subsidies they received. The study concludes that success in offering lures to new firms is due to the insights of local leaders in giving thoughtful attention to the various factors that assure success of a specific enterprise. "Lures" are not bad always. Successful use

of them requires a high degree of discrimination to make them a happy part of a plan for attracting new industry to a community. "Lures" are not to be offered indiscriminately as a part of the industrial promotion and development program.

The "lures" of tax exemption in Maryland are limited by law. Only inventories of raw materials and manufactured products in the hands of the manufacturers and tools, machines, and engines of manufacturers can be exempted from local taxation. If the tools, machines and engines are exempted locally, this exemption carries also automatic relief from the State general property tax. This relief from the State general property tax does not apply, however, to manufacturers' inventories of raw materials and manufactured products on hand. Incidentally, once local government units act to give these exemptions, it requires authority of an enabling act of the General Assembly to repeal the exemption.

The way is open, however, for local business men to underwrite the tax and other liabilities of a new firm locating in the area. Experience indicates this type of lure should not be offered generally and without careful examination of the real needs of the incoming industrialists by the business interests financing the development program.

What industrialists, thinking about a new plant location, want, is a careful factual analysis of what the community has to offer. This means summaries of the basic natural and human resources, how they are used now by present industries, and what is available to new ones. They want to know about the capacity of public works and services and whether they are sufficient for present and future needs. Only an industry which needs what a town has to offer in economic advantages is a sound industry to attract to any place.

Industrial location research needs to be planned for in organizing for industrial promotion for another reason. Economic conditions change constantly. The program needs to be re-adapted each time there is a substantial change in economic conditions. Industrial location research points out these changes and indicates possible modes of re-adaptation to them.

The conditions which require re-survey are legion. Obstacles that discouraged a certain type of industry from considering a community last year may be removed tomorrow. Tariffs change. Trade treaties affecting exports and imports are made. Unusual expansion takes place in certain types of industry. New sources of raw and processed materials are discovered. Research develops new products, new processes, and new uses for products. Changes in taxation, labor laws, anti-trust acts, state barriers, food regulations, labor health regulations, and social legislation occur. Continuing industrial location research to some degree needs to be planned for in organizing for industrial promotion and development.

Industrial location research is limited to accurate descriptions of the resources available and needed by a prospect in a specific line of business. What the prospect's cost will be in the new location, where the firm's market is, and other information of this sort is not necessary. Promotion does not entail sufficient knowledge to tell a prospect about his own line of business. Data of this sort is not to be expected from industrial location research. The prospect does not expect it. If offered, the prospect may be offended and

resent it as "high pressuring." Information of this type is the problem of this prospect.

Types of Organization and Their Financing

The work of the promoting organization costs money. The objective of the initiating group is to plan an organization which will deliver as much wisely focused promotion for their town as its business interests can afford. Costs for a program of any proportion are high and continuing. The possibility of cooperation of the business interests in an area larger than the town—in an economic region of several counties or a single county—needs to be appraised carefully.

Several types of organization are described in the paragraphs which follow. These types range from a minimum to a maximum program. The latter looms as a possibility if the business interests of a larger area co-operate, or if the industrial opportunities and the wealth of the business interests of the locality permit it.

A minimum program is the collection of data on utilities, wages, tax rates and other rates. It includes a map indicating present land uses and the location of available building sites and buildings with their specifications. This information is filed with the special committee on industrial promotion of the Chamber of Commerce.

Such a minimum program is in preparation for "windfalls." Many communities can expect a number of new, decentralizing industries "to drop in the lap" to use strategically located natural and human resources and to pick-up a part of the local business that is available. This program is like a cross-roads store. It sells to customers who come to the store. There is no reaching outward to sell with a probable exception. The data may be filed with the industrial promotion departments of the railroads, trucking lines, and power companies that serve the area.

A minimum program of this nature assures a local committee ready to deal with interested prospects. It represents a start of industrial promotion. Social unity is stimulated in the community by this effort to attract new industry and to strengthen the economic base of the community.

Industrial location research for such a minimum program could consist in a survey of industrial resources with provision for reappraisal at least every five years. Making of such surveys requires the services of a person with some skill and training in the techniques of industrial location and economic research. Such a person may be available in the community. With guidance from the manual on procedures for making a local economic survey and some directive assistance from the staff members of the State Planning Commission, this person could make a reasonably creditable survey for the average small community.

Retention of a more fully qualified surveyor is a better possibility. The universities of the State offer a supply of qualified personnel who are available during the summer months or who could be released on leave of absence for a short period to undertake such an industrial location research project. The survey might be made also as a research project of a graduate student in fulfillment of a graduate degree. Such students welcome the opportunity to earn while studying.

Finances permitting it, the industrial promotion group may wish to publish the data of the survey as a brochure. This is a more expanded program and requires a more skilled and trained industrial location research analyst. The industries, which could use the available natural and human resources of the area, are selected by analysis of the data relative to the known needs of various industries. Directories of business are consulted to obtain a specific list of industrial prospects to whom the brochure and follow-up literature are addressed. Advertisements in the trade journals of the selected industries may be added to the program. Preparations are made for prompt answers to all inquiries.

Such a program has minimum requirements for it to be successful. A competent industrial location research analyst is required to make the survey, select the more prospective industries, and to prepare the brochure and follow-up literature. An active local committee is in order. Its members are ready to make calls on prospects when the situation looks favorable and to show prospects the situation on the grounds. Such a committee with a part-time or full-time typist-secretary could execute such a program.

A more practical and effective industrial promotion program can be financed and organized if the business interests of a larger area combine and cooperate. The area may consist of several counties or one county. Such an industrial promotion program is parallel to those of Chambers of Commerce in large metropolitan centers.

The program of such a group consists of what has been described already. The work of promotion, however, under this type of program is carried out by a full-time qualified person with secretarial help under the supervision of directors and officers of the organization formed to finance the program for the area. Contact of prospects and industrial location consultants who search out plant sites and buildings for firms is a function of the executive director retained by the organization.

Operation of a program above a minimum level such as that described previously herein is financed more readily by the organization of an industrial promotion corporation. Corporations for this purpose are of two types—non-profit and stock. The difference between the two types for practical purposes is little.

A group of contributors for services or a group of stock subscribers advance the money for the capital of the corporation which is expended on industrial promotion. No profits accrue unless sites and plants are bought and sold. The contributions for the services of the industrial promotion corporation are business expenses which are fully deductible for income tax purposes. Stock subscriptions, where there is little likelihood of repayment, have been ruled upon as legitimate business expenses.

Each type of corporation has a board of directors and a panel of officers, who are usually directors also. The directors determine corporation policy. The officers execute policy. Execution is left usually to the executive director, the industrial location specialist and prospect contact man retained on a full-time basis by the corporation.

The area from which contributors or stock subscribers to the corporation are to be drawn determines the area in which the corporation operates

promotionally. Many factors in complicated combination determine the size of the area in which the corporation can operate successfully. The data of the industrial survey is needed to describe them. The business interests in the area, however, have a feel for these factors which influence the profits of their enterprises. The feeling for these factors by business interests is reflected in the unity of their support of the industrial promotion effort. The area can be as large as the feeling of unity of business interests will permit.

The area of unity for operation and financial support of the industrial promotion corporation is decided by the initiating group in conjunction with the centers of influence and power and the business interests. The question of area is decided before general public support is sought for the promotional ventures.

A special factor influences unity of the business interests over an area. Management of the industrial promotion corporation is this factor. Who the directors and officers of the corporation are and the respect of the business interests for them is a vital determinant of unity.

The larger the area covered by the operations of the corporation, the more important becomes the chairman of the board of directors, who may serve also as president. A man who holds a position with prestige in private enterprise is required for this office. His position needs to be such that no direct personal gain can be attributed to his knowledge gained from industrial promotion efforts. The more men of such a type in the management of the corporation the greater is the respect of the business interests and the wider the area unity.

A screening of prospective directors and officers for an industrial promotion corporation is a function of the initiating group. The assistance obtained from the centers of influence and power can be of paramount importance in performing this function. The centers can help also to get the needed leaders to assure office in the pre-arrangements before seeking general public support to promote industry in the area.

The selection of directors and officers to manage the industrial promotion corporation and the determination of the area of service and financial support are decided before action is taken to get a corporate charter and organize formally.

A man whose personality permits him to work agreeably with people and gain their acceptance of proposals is needed in the position of executive director. Experience in industry, business, organizational work, engineering or economic and business research combined with competent administrative ability and personality makes for an excellent executive director for an industrial promotion corporation. The selection of the executive director is the function of the board of directors and other officers. The formal organization of the corporation and the selection of the executive director occurs also before public support is obtained.

Organizing Public Support

The initiating group is ready now to plan the approach to obtain enthusiastic approval and support of the general public. The approach is a delicate problem.

People fear commonly the domination of any activity by any single organization or group of individuals. This fear inverts to factually unsubstantiated opinions about what is best for the area and its people. Some people have decided already without the facts of the industrial survey what industries and businesses are to be preferred. Others are against certain industries for fear of "mill town" and other effects. Some oppose industries which will require heavier investments in water supply, sewage, schools, and other public services and, perhaps, a high general property tax rate.

The fear of domination by a single organization or group of individuals is allayed by the offer of the privilege and the opportunity to speak out. Arouse the fear, however, and the opinions are expressed vociferously. If the presentation of the program touches off this common fear, the heated speaking out of divergent opinions will wreck unified public approval before it can be crystallized for support of the promotion program. This is defeat before operation begins. A wise approach avoids defeat.

Decisions about what groups to seek support from and "how and who" is to inform them are called for.

Public support for the program needs to be broadly organized. Continuation of favor and support aroused by successful presentation of the program requires organization on a broad base. Representation from each group is desirable. The representatives can be organized in an industrial promotion council. Group organizations vary from one community to another. A check list of community groups follows:

1. Chamber of Commerce
2. Retail trade associations
3. Banking groups
4. Labor unions
5. Local governmental officials, including especially any existing planning board.
6. Professional organizations
7. Women's Clubs
8. Civic organizations
9. Utility companies
10. Newspapers and radios
11. Churches
12. Real estate organizations
13. Social service groups
14. Schools

An industrial council composed of representatives from community groups assures a voice about the program to each citizen. Ideas about the program channel to the whole through the broadly organized industrial council. The council provides a representative forum for consideration of suggestions from citizens. The citizen learns from the industrial council about the progress of the program and the cooperative action to make it a success.

The better method is to present the program to each business and civic group separately in a special program at a regular meeting of each group. News about the program getting out is an advantage. Repetition molds

public opinion. The news is not stale when each presentation in a brief meeting is tailored to the interests of the specific group who are informed of what their part is in the whole program. The smaller the group the easier arousal of fear of domination is avoided and more readily are divergent opinions kept "corked up" until the survey shows the facts indisputably. For these reasons, this method is better than a one-shot presentation at a public mass meeting in which members of all groups are intermingled.

Presenting Program to Public

"Who" is to present the program to these groups? Presentation of the program requires more than good public speaking. Any good public speaker can outline interestingly the benefits of a community industrial development program and the steps to carry it out. The organization established already can be explained. The survey of facts about needs of industries and local natural and human resources can be emphasized. The responsibilities of the specific group addressed and their relation to the success of the whole program can be defined clearly. Such description enlists approval and support.

All this can be lost in part or altogether in the few minutes given to open floor questions and answers. The speaker's alertness to and understanding of the fear of domination in others comes now into play. The speaker can answer questions in a manner that averts the expression of prejudiced divergent opinions. He can stress at this point the survey to get the facts and urge delay in reaching conclusions until the facts are analyzed. This technique of public relations preserves the approval and support enlisted by straight forward description of the industrial promotion program. Presentation of the program may be an assignment of the executive director of the industrial promotion corporation.

Ready for Operations

The organization is complete after successful presentation of the industrial promotion program to each group, the election of delegates by each group to the industrial council, and the formation of the industrial council. The over-all organization is ready to start working. The first task is a survey of the natural and human resources of the area. Description of the survey data and suggested procedures for gathering it are subjects of "Making An Economic Survey of Your Community," another handbook of the Maryland State Planning Commission.

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